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Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Notice of Permitted Ex Parte Contact**
WT Docket No. 97-82

Dear Ms. Salas:

The purpose of this letter is to advise the Commission of permitted *ex parte* contacts in the above-referenced proceeding. On April 26, 2000, Alpine PCS, Inc. sent the attached letter to Chairman Kennard. In addition, copies of the letter were sent to the Commissioners' Assistants indicated on the letter and to Ari Fitzgerald in the Chairman's office. On April 28, 2000 Arthur Prest, Vice President and Chief Technical Officer of Alpine PCS, Inc. and James Ireland, counsel to Alpine, met with Ari Fitzgerald to discuss matters addressed in the letter.

Please contact the undersigned if you have any questions about this matter.

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COLE, RAYWID & BRAVERMAN, L.L.P.

Magalie Roman Salas

May 1, 2000

Respectfully yours,

A handwritten signature in cursive script, appearing to read "James F. Ireland".

James F. Ireland

cc: Adam Krinsky (w/o enclosure)
Bryan Tramont
Mark Schneider
Peter Tenhula
Ari Fitzgerald

Alpine PCS, Inc.
201 Calle Cesar Chavez, No. 103
Santa Barbara, CA 93103

April 26, 2000

William E. Kennard
Chairman
Federal Communications Commission
445 12th Street, SW
Room 8-B201
Washington, DC 20554

Dear Chairman Kennard:

Alpine PCS, Inc. has met with several Commissioners' offices over the past week regarding the fate of Designated Entity spectrum in the scheduled July 26 reauction of PCS spectrum. In each meeting two key issues were addressed by the staff (1) how much spectrum is enough for a successful PCS business and (2) what DE's will be interested in bidding upon the larger markets in the auction. Alpine provides the following explanation in writing to facilitate the decision making process regarding these critical questions.

I. 10 MHz is not Sufficient!

There is confusion regarding a recent report in Telephony that Sprint is using only 7.5 MHz of its 30 MHz of spectrum in most major metropolitan areas. While this fact undermines the notion that the major carriers are seriously short on spectrum, it also raises the question if 7.5 MHz is enough for Sprint's business then why not for DE's? As explained below, a 10 MHz DE allocation will quickly undermine the emerging competitive pressures that DE's present to large carriers and consumers will suffer.

Lets examine what 7.5 MHz out of 30 MHz really means: 7.5 MHz out of 30 MHz is actually 3.75 MHz for the forward link and 3.75 MHz for the reverse link. Note that CDMA utilizes 1.25 MHz chunks of spectrum called "carriers" for providing service. Additional capacity is gained by adding additional carriers. Thus 3.75 MHz is actually 3 carriers being used in these major metropolitan areas. However, three 1.25 MHz carriers actually require 5 MHz of spectrum including guard bands. Thus Sprint is already using 10 MHz (5 for the forward link, and 5 for the reverse link) out of their 30 MHz in these major metropolitan areas. Therefore, a carrier with only 10 MHz of spectrum in these same markets cannot possibly be competitive for very long if that carrier is as successful as Sprint has been in adding customers.

A number of DE's, including Alpine, are considering offering service similar to Leap's "all you can eat" PCS offering that has been so successful in Tennessee. Because of the high minutes of use, demand for such service will more quickly consume spectrum so that the initial 10 MHz allotment will be exhausted far more quickly than Sprint has experienced under

traditional large carrier pricing plans. Alpine has evaluated this situation with vendors Motorola and Lucent in one of its medium sized markets (using state of the art CDMA technology) and determined that with only 10 MHz it will be uneconomical to offer its planned unlimited minutes plan for more than about two and a half years (by 2003). To also offer 3G services (as Alpine plans) will simply be impossible with only 10 MHz.

From a policy standpoint, the Commission will be directly harming consumers by stripping DE's of the 30 MHz allocation (or decreasing it to below one 20 MHz license). The "all you can eat" programs that DE's plan to offer will be undermined by such a rule change. Because 10 MHz is not enough spectrum to provide the service for much more than two years, large carriers will be relieved from the tremendous competitive pressure they now face from the potential spread of these programs. In addition, 10 MHz leaves no excess capacity for 3G offerings, which again relieves the large carriers from innovative and aggressive DE competition in this emerging area.

It has been proposed that three 10 MHz blocks of spectrum be auctioned with two of these blocks being reserved for DEs. The problem with this proposal is that since 10 MHz is not enough to establish a viable competitive wireless business, then a DE carrier must win both blocks to be successful – what happens if the DE wins only one block? The possibility of being stranded with only a single 10 Mhz block will stifle DE's ability to effectively participate in the reauction.

II. DEs are Interested in the Larger Metropolitan Areas!

The FCC staff has commented that few DEs have expressed interest to the FCC in participating in the auction of the larger metropolitan areas. It appears there is concern that no (or too few) DE's would bid for the large metropolitan areas.

This reminds me of the parable about the King who decided to build a bridge across a raging river that divided his kingdom. The King asked the court engineers for a design. The court engineers said that they didn't know how big to build the bridge so the King asked the court marketers to determine how big the bridge should be. So the court marketers went down to the river and counted the number of people swimming across the river. The point being that the number of DEs coming into the FCC and telling them that they would bid on the spectrum in the large metropolitan areas is not a good indication as to who will participate once the rules are established (and clear title to this spectrum is no longer uncertain).

Alpine PCS for one would be interested in crossing the King's bridge and pursuing some of these large metropolitan markets (Boston, San Francisco and Los Angeles in particular) if there was funding available. Note that in previous auctions of the DE C blocks, there was little if any advance knowledge as to who would participate – yet bidders came out of the woodwork. In this case, one can also reasonably expect that certain large carriers will make plans to participate with DE's in the reauction of large markets if their current efforts to undo the rules are unsuccessful. At this point those applicants simply do not exist given strategic considerations.

William E. Kennard
April 26, 2000

If the Commission is really concerned about a lack of DE bidders for the large metropolitan markets, then why not plan on two auctions: the first auction for DEs for the spectrum as presently defined (i.e., not split into smaller chunks) with the second auction intended for all comers for that spectrum not sold in the first auction?

Alpine again requests that the Commission retain the 30 MHz DE allocation for the July 26 reauction, and in no event reduce the size of this allocation below 20 MHz in any market. Please contact me if you have any questions regarding these issues ((805) 962-1894).

Respectfully submitted,

Robert Broz
President
Alpine PCS, Inc.

cc: Bryan Tramont
Mark Schneider
Adam Krinsky
Peter Tenhula